

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES INTERIM COMMITTEE**
Wednesday, June 15, 2016 – 8:30 p.m. – Room 20 House Building

Members Present:

Sen. Brian E. Shiozawa, Senate Chair
Rep. Rebecca P. Edwards, House Chair
Sen. Lincoln Fillmore
Sen. Karen Mayne
Sen. Ann Millner
Sen. Jerry W. Stevenson
Rep. Patrice M. Arent
Rep. Rebecca Chavez-Houck
Rep. Rich Cunningham
Rep. Sophia M. DiCaro
Rep. Keith Grover
Rep. Bradley G. Last

Rep. Val L. Peterson
Rep. Kraig Powell
Rep. John R. Westwood
Rep. Brad R. Wilson

Members Absent:

Sen. Jani Iwamoto

Staff Present:

Mr. Ryan M. Hunter, Policy Analyst
Mr. Peter Asplund, Associate General Counsel
Ms. Debra Hale, Legislative Assistant

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Edwards called the meeting to order at 8:39 a.m.

MOTION: Rep. Cunningham moved to approve the minutes of the May 18, 2016, meeting. The motion passed unanimously. Sen. Millner, Rep. Chavez-Houck, Rep. Grover, Rep. Last, Rep. Powell, and Rep. Wilson were absent for the vote.

2. Overview of Utah Economic Development Incentive Programs

Mr. Hunter summarized economic development incentive programs offered or administered by the Governor's Office of Economic Development and other state agencies. He distributed "Key State Economic Development Incentives and Programs," dated May 2016, and presented "Utah's Economic Development Incentives," which outlined and described the incentive programs.

Mr. Hunter and Mr. Asplund responded to questions from the committee.

3. Deep-Dive: Permanent Community Impact Fund

Ms. Kathy Bounous, General Counsel, Utah Department of Workforce Services, gave an overview of the Permanent Community Impact Fund Board's (CIB) goals, funding sources, financial outlays, award process, application approval process, reporting requirement, and assessment metrics. She distributed and presented documents that illustrated this information: "Mineral Lease Funds Allocation," "Utah Community Impact Fund," "Throughput Infrastructure Fund Cash Flow," "CIB Funded Projects – FY-16," and "Throughput Infrastructure Fund – Project Funding Process."

Ms. Bounous described the future funding process for projects that involve one of the following: a bulk commodities ocean terminal; a pipeline for the transportation of liquid or gaseous hydrocarbons; electric transmission lines and ancillary facilities; or a short-line freight railroad.

Ms. Kimberly Schmeling, Director, Budget and Finance, Division of Housing and Community Development, Department of Workforce Services, answered questions regarding the Permanent Community Impact Fund's current level of funding and changes to funding over time.

4. Deep-Dive: Economic Development Tax Increment Financing (EDTIF)

Ms. Theresa Foxley, Deputy Director, Governor's Office of Economic Development, presented an overview of the Economic Development Tax Increment Financing program and its operation. She explained the program's goals, funding sources and outlays, approval process for projects, reporting requirements (both reporting requirements of program participants to the office, and reporting requirements of the office to the public), and assessment metrics used. She highlighted the program's 2016 awards to date, which involve 13 companies and are projected to help attract up to 9,636 new jobs.

Ms. Foxley and Mr. Mel Lavitt, Chair, Governor's Office of Economic Development Board, entertained questions from the committee.

5. Deep-Dive: Industrial Assistance Fund (IAF)

Ms. Foxley continued her presentation with an overview of the Industrial Assistance Fund and its operation. She explained the fund's goals, funding sources and outlays, award and approval process for projects, reporting requirements, and assessment metrics used. She highlighted the various programs supported by the fund, including corporate recruitment and economic development grants, Rural Fast Track grants, the Business Expansion and Retention program, the Smart Schools program, and air quality incentives.

Ms. Foxley, Mr. Lavitt, and Mr. Benjamin Hart, Managing Director, Urban and Rural Business Services, Governor's Office of Economic Development, responded to questions from the committee.

6. Overview of Economic Development Incentives Nationwide

Mr. Hunter presented an overview, "Economic Development Incentives," which explained the arguments for and against economic development incentives, how incentives are used nationwide, and some proposed best practices. He briefed the committee on the existing research on the effectiveness of economic development incentives and detailed recent work by the Pew Research Center on effective economic development incentive evaluation methodologies.

Mr. Hunter and Ms. Foxley responded to questions from the committee.

7. Tax Incentive Review

Dr. Andrea Wilko, Chief Economist, Office of the Legislative Fiscal Analyst, provided an overview of the office's planned tax incentive review.

8. Other Items/Adjourn

MOTION: Rep. Grover moved to adjourn the meeting. The motion passed unanimously. Sen. Mayne, Sen. Millner, Rep. Chavez-Houck, Rep. Peterson, and Rep. Wilson were absent for the vote.

Chair Edwards adjourned the meeting at 11:01 a.m.